

ASSEMBLY BILL

No. 1044

Introduced by Assembly Member Butler

February 18, 2011

An act to amend Sections 17280.1 and 17280.2 of the Government Code, relating to registered warrants.

LEGISLATIVE COUNSEL'S DIGEST

AB 1044, as introduced, Butler. Registered warrants: taxation.

Existing law authorizes a taxpayer who has a tax liability with respect to personal income taxes or bank and corporation taxes, and who is a payee named in a registered warrant to pay the tax liability, in whole or in part, by a check in an amount not to exceed the amount of the registered warrant, and prohibits the check from being drawn until the registered warrant is payable, if the check is accompanied by a copy of the warrant. Existing law requires, when a tax liability is paid with a registered warrant that is redeemable at the time of payment, that interest be credited to the taxpayer's account.

This bill would revise and recast these provisions. This bill would permit a taxpayer who has a tax liability, with respect to personal income taxes or bank and corporation taxes required to be remitted to the Franchise Tax Board or a taxpayer, feepayer, or surcharge payer who has a liability for taxes, fees, or surcharges required to be remitted to the State Board of Equalization, and who is a payee named in a registered warrant to pay any tax, fee, or surcharge liability with a registered warrant, subject to certain conditions. The bill would prohibit the taxpayer, feepayer, or surcharge payer submitting a registered warrant from receiving interest on his or her registered warrant, except as a credit to his or her account.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17280.1 of the Government Code is
2 amended to read:

3 17280.1. (a) A taxpayer who has a tax liability, including any
4 liability for periodic estimated tax payments, with respect to
5 personal income taxes or bank and corporation taxes *required to*
6 *be remitted to the Franchise Tax Board or a taxpayer, feepayer,*
7 *or surcharge payer who has a liability for taxes, fees, or surcharges*
8 *required to be remitted to the State Board of Equalization, and*
9 *who is a payee named in a registered warrant as defined in Section*
10 *17221 which is received in payment of an obligation of the State*
11 *of California to the taxpayer, feepayer, or surcharge payer may*
12 *pay any tax, fee, or surcharge liability specified above, in whole*
13 *or in part, by a check in an amount not to exceed the amount of*
14 *the registered warrant, exclusive of any interest thereon. That check*
15 *shall not be presented for payment by the state or paid by the bank*
16 *on which it is drawn until the registered warrant payable to the*
17 *taxpayer is payable upon its presentation to the Treasurer. The*
18 *provisions of this section shall be applicable only if the taxpayer's*
19 *check in payment of a tax liability pursuant to this section is*
20 *accompanied by a copy of the registered warrant, as specified*
21 *above, which clearly discloses the name of the payee, the amount*
22 *to be paid, the number of the warrant, and the completed and signed*
23 *legend as provided for in subdivision (d). submitting the original*
24 *registered warrant, signed on the reverse side by the payee and*
25 *endorsed as payable to the agency to which the liability is owed.*

26 (b) Any taxpayer, *feepayer, or surcharge payer* submitting a
27 ~~check registered warrant~~ for the payment of taxes pursuant to
28 subdivision (a) shall be precluded from receiving interest on his
29 or her registered warrant ~~from the date the check for the payment~~
30 ~~of taxes is submitted. except as provided in Section 17280.2.~~

31 (c) ~~In the event that a taxpayer who submits a check for the~~
32 ~~payment of taxes pursuant to subdivision (a) presents his or her~~
33 ~~registered warrant to a bank or other institution for payment, the~~
34 ~~taxpayer shall make a declaration upon presentment that he or she~~

1 is ineligible pursuant to subdivision (b) to receive interest from
2 the date he or she submitted the check.

3 (d) To facilitate the taxpayer in making the declaration required
4 by subdivision (c), all registered warrants issued shall bear a legend
5 on the reverse side in substantially the following form:

6
7 “In endorsing this warrant, I declare that I have ☐ or have not ☐

8
9 (check one) submitted a check on _____

10 - _____ (date) _____

11 for the payment of tax liability in an amount not to exceed the
12 amount of this warrant. I further declare that by submitting that
13 check, I am ineligible for the receipt of interest on this warrant after
14 the above date.”

15
16 SEC. 2. Section 17280.2 of the Government Code is amended
17 to read:

18 17280.2. In the event a tax, *fee, or surcharge* liability is paid
19 pursuant to Section 17280.1, in whole or in part, with a registered
20 warrant which is redeemable at the time the tax, *fee, or surcharge*
21 liability is paid, interest as specified in this article, shall be credited
22 to the taxpayer’s account of *the taxpayer, feepayer, or surcharge*
23 payer.